

Message Text

CONFIDENTIAL

PAGE 01 SEOUL 01190 250802Z

20

ACTION EB-07

INFO OCT-01 EA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01 CEA-01 L-02

H-01 /068 W

----- 031949

R 250650Z FEB 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 8518

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L SEOUL 1190

HONG KONG FOR REGFINATT

E.O. 11652: GDS

TAGS: EFIN, KS

SUBJECT: KOREAN EXCHANGE RESERVES DECLINE FURTHER

REF: SEOUL 0947

1. IN CONVERSATION FEBRUARY 25 WITH EMBASSY CHIEF ECONOMIST, FINANCE MINISTER KIM, YONG HWAN STATED THAT GROSS EXCHANGE RESERVES HAD FALLEN TO 890 MILLION DOLLARS (DOWN 46 MILLION DOLLARS FROM END OF JANUARY) WHILE SHORT-TERM REFINANCE CREDITS HAD RISEN TO 852 MILLION DOLLARS (UP 67 MILLION DOLLARS FROM END OF JANUARY). MINISTER KIM INDICATED THAT THIS WAS A WORRISOME SITUATION AND THAT HE HAD ISSUED GUIDELINES TO TRY TO HOLD RESERVES AND REFINANCE LIABILITIES AT ABOUT THEIR PRESENT LEVELS. HE SAID THAT GREATER USE WOULD BE MADE OF TRADE CREDITS AND IMPORT RESTRICTIONS. ASIDE FROM SECOND 100 MILLION DOLLARS FROM U.S. BANKS, HE DID NOT INDICATE ANY IMMINENT LONG-TERM CASH FINANCING. EXPORT ORDERS ARE STILL DEPRESSED BUT IMPORT LICENSES HAVE FALLEN CONSIDERABLY FROM THEIR ESPECIALLY HIGH FOURTH QUARTER LEVEL, INDICATING THAT THE FOREIGN

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SEOUL 01190 250802Z

EXCHANGE SITUATION MAY EASE SOMEWHAT IN THE SECOND QUARTER.

2. MINISTER KIM SAID HE HAD DECIDED TO NEGOTIATE A SECOND TRANCHE STANDBY CREDIT WITH THE IMF MISSION PRESENTLY IN SEOUL. HE HAD DECIDED AGAINST NEGOTIATING A THIRD TRANCHE AGREEMENT ON THE GROUNDS THAT THE PSYCHOLOGICAL DISADVANTAGE OUTWEIGHED THE ADDITIONAL 24 MILLION DOLLARS THAT WOULD BE POTENTIALLY AVAILABLE UNDER A THIRD TRANCHE AGREEMENT. EMBOFF REMINDED MINISTER OF USG PREFERENCE FOR MAXIMUM USE OF REGULAR IMF CREDITS IN PREFERENCE TO OIL FACILITY CREDITS. MINISTER KIM ASKED RE U.S. POSITION ON USE OF NEW IMF EXTENDED FACILITY AND WAS INFORMED THAT WE HAD NOT YET RECEIVED WORD ON THIS. HE SAID THAT IMF MISSION WAS PRESSING FOR GREATER MONETARY RESTRAINTS IN 1975 BUT THAT THIS WOULD BE DIFFICULT IN VIEW OF LARGE FISCAL DEFICIT WHICH WOULD PROBABLY RESULT FROM ANTI-RECESSION SPENDING AND DEPRESSED REVENUES.

3. COMMENT: MINISTER KIM'S CONCERN OVER FOREIGN EXCHANGE POSITION IS IN LINE WITH ANALYSIS TRANSMITTED
REFTEL.
SNEIDER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE HOLDINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 FEB 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975SEOUL01190
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750065-1063
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750215/aaaaamse.tel
Line Count: 82
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 SEOUL 0947
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 11 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 JUL 2003 by CunninFX>; APPROVED <17 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KOREAN EXCHANGE RESERVES DECLINE FURTHER
TAGS: EFIN, KS
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006